

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT

OF

BROWN COUNTY

INDIANA

January 1, 2005 to December 31, 2005



FILED
03/16/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mari H. Miller	01-01-03 to 12-31-10
Treasurer	Joe Wray	01-01-05 to 13-31-08
Clerk	Benita Fox	01-01-04 to 12-31-07
Sheriff	Robert E. Stogsdill	01-01-03 to 12-31-10
Recorder	Glenda Stogsdill	01-01-05 to 12-31-08
President of the Board of County Commissioners	Stephanie R. Yager	01-01-05 to 12-31-07
President of the County Council	David Critser	01-01-05 to 12-31-07



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF BROWN COUNTY, INDIANA

We have examined the financial information presented herein of Brown County (County), for the period of January 1, 2005 to December 31, 2005. The County's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the County for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 18, 2007

BROWN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
River Boat	\$ 73,968	\$ 94,318	\$ 54,046	\$ 114,240
Rainy Day	113,956	-	-	113,956
General	(4,404,226)	3,227,615	4,956,515	(6,133,126)
Property Reassessment - New	(53,503)	38,229	70,352	(85,626)
Surveyor's Corner Perpetuation	26,786	6,410	-	33,196
Recorder's Records Perpetuation	75,386	42,427	11,818	105,994
Clerk's Records Perpetuation	12,689	3,421	-	16,110
Memorial Donations	1,037	-	-	1,037
Supplemental Juvenile Probation Services	2,516	2,573	4,497	592
Supplemental Adult Probation Services	30,355	30,860	36,890	24,325
Alternative Dispute Fee	300	1,641	-	1,941
Probation Administrative Fee	4,409	11,201	-	15,610
Probation Application Fee	450	150	-	600
Clerk's Incentive	(140)	6,611	380	6,091
Prosecutor Infraction Deferral	30,375	25,185	5,395	50,165
Prosecutor Controlled Substance Tax	214	-	-	214
County Extradition	1,790	-	481	1,309
County Misdemeanant	21,205	10,714	11,700	20,219
Prosecutor's Incentive	-	6,604	6,604	-
Community Corrections	15,618	149,337	168,924	(3,969)
Supplemental Public Defender Service	5,592	4,250	4,500	5,341
Prosecutor's Incentive New	11,916	6,267	3,261	14,922
Eradication Grant	59	-	-	59
County Corrections Life Skills	28,557	-	28,557	-
Sheriff's Drug Investigation	2,719	2,312	5,032	-
Local Animal Ordinance	3,224	2,519	1,133	4,610
Clerk's Incentive New	8,389	-	3,262	5,128
TRIAD Donations	6,526	5,514	3,487	8,553
Sub Treatment - Rec (START) Donations	4,328	-	-	4,328
McGruff Donations	257	-	-	257
Community Transition Program	8,502	12,180	1,362	19,320
County Child Advocacy	402	-	-	402
Guardian Ad Litem Court	5,869	3,118	2,745	6,242
Foreign Language Interpretation Grant	1,095	10	1,105	-
Victim Assistance Grant	520	51,025	48,785	2,760
Convention and Visitor's Bureau	54,084	545,501	520,000	79,585
Covered Bridge	6,221	1,250	-	7,471
County Highway	651,817	1,536,211	1,071,055	1,116,972
Local Road and Street	259,381	218,490	315,577	162,294
Cumulative Bridge	266,532	76,803	198,089	145,246
County Health	(214,274)	110,418	344,154	(448,009)
Local Health Maintenance	5,295	20,028	17,091	8,232
Drug Screen	3,022	3,187	3,338	2,871
Local Health Maintenance II	21,803	6,570	11,005	17,367
Tobacco Grant III	48,525	14,589	14,257	48,857
Brown County Tobacco Free Partners	6,527	12,179	21,877	(3,171)
County Family and Children	179,831	683,383	558,985	304,229
Public Health Coordinator - Bioterrorism	(1,377)	66,788	65,037	375
Bioterrorism Cash Allow	14,900	-	1,593	13,307
Bioterrorism Supplemental A	10,600	-	-	10,600
Homeland Security = LETPP	36,800	-	36,481	319
Brown County All Hazard Mitigation	30,000	15,509	15,509	30,000
Civil Service Fee	-	950	-	950
Property Reassessment - Old	-	434	-	434
Cumulative Buildings	254	-	-	254
Community Emergency Response	420	-	420	-
LLC Sheriff Highway Safety	205	-	-	205
Accident Report	5,360	2,318	482	7,196
Firearms Training	2,401	3,425	3,634	2,192
Buckle - Up Grant	21	-	-	21
Highway Safety Plan Grant	2,145	4,625	5,244	1,526
Reverse 911	0	-	-	-
Sheriff DNR Distribution	64	3,000	2,900	164
County Drug Free Community	7,695	13,955	13,603	8,047
County Sheriff Law Enforcement Continuing Education	117	-	-	117
County User Fee	74,069	12,195	14,425	71,839
County Law Enforcement Continuing Education	4,408	435	950	3,893
Emergency Telephone System	185,790	210,469	324,970	71,289
Community Corrections - Project Income	75,525	58,412	59,663	74,274
County Corrections Life Skills Project Income	1,244	28,557	28,557	1,244
Emergency Planning and Right to Know	2,480	2,877	1,379	3,979
Jury Pay	7,519	-	-	7,519
Emergency Planning Grant	25,473	-	25,328	145
FEMA Emergency Management PERF FY 2003	823	-	823	-
Sheriff-COPS More Tech Grant	38,060	-	33,582	4,477
Park and Recreation Nonreverting Operating	7,962	102,153	94,423	15,692

The accompanying notes are an integral part of the schedules.

BROWN COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2005
(Continued)

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds (continued):				
Salt Creek Trail	-	20,000	6,025	13,975
Planning Council Grant	4,950	-	-	4,950
Financial Institution Tax	-	43,949	43,947	2
Cumulative Capital Development	980,497	54,962	258,950	776,509
Economic Development Commission	5,096	26,140	26,273	4,963
County Economic Development Income Tax Excess	377,040	948,174	581,650	743,564
Jail Lease	-	128,998	594,000	(465,002)
State Mortgage Fee	-	6,955	5,103	1,853
Prosecutor's Federal Forfeitures	5,995	-	890	5,106
Emergency Foundation Grant	-	1,701	1,701	-
Family Access Grant	10,249	91,266	108,751	(7,237)
Brown County Domestic Violence Task	-	6,570	6,495	75
IMPACT Grant	13,834	-	8,663	5,171
Community Corrections Local Grants	813	-	-	813
Title III HAVA (Voting Machines)	46,800	-	46,800	-
Juvenile Accountability Incentive Block Grant	4,478	-	3,885	593
Small Claims Court	-	1,170	-	1,170
Access Enhancement	-	80	-	80
Emergency Gas Award	-	450	-	450
Child Psych. Residential	-	184	-	184
Sheriff's Commissary	40,991	116,821	106,615	51,197
Sheriff's Narcotics Investigation	31,131	6,116	6,385	30,862
Total Governmental Funds	(615,267)	8,952,737	11,041,389	(2,703,920)
Fiduciary Funds:				
Sheriff's Pension Trust	1,249,170	309,480	130,727	1,427,923
Congressional Principal	8,496	-	-	8,496
Tax Sale Redemption	29	-	-	29
Tax Sale Surplus	10,143	-	-	10,143
Infraction Judgments	3,301	30,707	16,705	17,302
State Fines and Forfeitures	1,232	2,120	3,294	58
Overweight Vehicle Fines	-	4,974	4,974	-
Inheritance Tax	119,375	325,051	439,132	5,295
Surplus Tax	29,016	7,072,515	7,060,642	40,888
Congressional Interest	9,235	148	680	8,704
Welfare Trust	5,547	12,449	11,111	6,884
State Sales Tax	54	54	17	91
Surplus Dog Tax	-	2,150	1,585	565
Surtax	-	264,058	264,058	-
Wheel Tax	-	22,710	22,710	-
Tax Distributions	-	5,641,406	5,640,650	756
Health Insurance	139	-	-	139
County Payroll	73,108	1,479,868	1,493,074	59,902
County Adjusted Gross Income Tax Distr	2,470,687	2,347,892	2,470,687	2,347,892
County Economic Development Income Tax	663,146	616,529	663,146	616,529
Property Replacement Credit and Homestead Credit	3,143,921	5,914,285	3,932,448	5,125,758
State Sales Disclosure Fee	(136)	3,550	1,744	1,670
Coroner's Training and Continuing Education	531	370	570	331
Plat Book	1,110	-	-	1,110
City and Town Court Costs	4,202	4,534	5,514	3,222
Commercial Vehicle Excise Tax	248,330	133,556	248,330	133,556
Education Plate Fee	-	619	619	-
County Treasurer	9,300,848	24,405,092	15,841,767	17,864,173
County Clerk	384,231	2,456,974	2,458,394	382,811
County Recorder	9,564	134,509	133,537	10,536
Plan Commission	741	40,042	38,916	1,867
Probation Department	3,815	48,915	48,688	4,042
Park and Recreation Department	11,801	119,245	118,511	12,535
County Sheriff	-	93,895	93,895	-
County Sheriff's Inmate Trust	728	43,590	43,681	637
Health Department	100	42,258	42,258	100
Community Corrections	4,235	60,028	58,364	5,899
Prosecuting Attorney Bad Check	1,423	12,632	9,718	4,337
Total Fiduciary Funds	17,758,121	51,646,205	41,300,147	28,104,180
Totals	\$ 17,142,854	\$ 60,598,942	\$ 52,341,536	\$ 25,400,260

The accompanying notes are an integral part of the schedules.

BROWN COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The County was established under the laws of the State of Indiana. The County provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The County uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. Due to delays in completing the 2002 reassessment, 2002 property taxes payable in 2003 had a provisional property tax billing for 2003 as authorized by Indiana Code 6-1.1-27-2. A final tax statement was sent out May 1, 2005, and settlement for 2002 pay 2003 was made August 30, 2005. A final tax statement for 2003 pay 2004 was sent out in December 2005 with settlement in April 2006. The tax statement for 2004 pay 2005 was sent out in 2006 and settlement was made in 2006. As of December 31, 2006, no rates have been approved for 2005 pay 2006 property taxes.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

BROWN COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Long-Term Debt

The County has entered into various debts such as a capital lease for a new jail, and equipment. The outstanding principal at December 31, 2005, was \$8,345,000 and \$597,294, respectively.

Temporary loans were \$350,000 from County Economic Development Income Tax Excess Fund to Family and Children.

Note 8. Subsequent Event

The County had problems with their 2002 reassessment. The reassessment was subsequently completed; however, there were no property taxes billed in 2004. The County sent the 2002 property tax bills, payable in 2003 and these were settled to the taxing units by the County in August 2005. The 2003 property tax bills, payable in 2004 were sent out with a December 2005 due date. The County made settlement of these taxes to the taxing units in April 2006. The property tax bills for 2004 pay 2005 were sent out in July 2006 and settlement of these funds was made in September 2006. As of December 31, 2006, property tax bills for 2005 pay 2006 had not been sent.

BROWN COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

The County entered into a loan in March 2006 with Lincoln Bank for \$1,475,000 for public works improvements to be repaid by January 30, 2009. A Promissory Note for \$500,100 was entered into on August 28, 2006, with The Peoples State Bank to be repaid by January 20, 2008.

Also, a loan between funds was made in 2006 from the County Economic Development Income Tax Excess Fund to the County General for \$760,000 and Cumulative Capital Development to County General for \$900,000. Repayment of the loans was extended to June 30, 2007. Additionally, the loan from County Economic Development Income Tax Excess Fund to Family and Children Fund made in 2005 for \$350,000 was not repaid as of December 2006.

The reassessment problems discussed in the preceding paragraph have caused financial hardships for the County in 2005 and 2006. The lack of this major funding source for the County has caused the following funds to be overdrawn as of December 31, 2005.

<u>Fund</u>	<u>Amount</u>
General	\$ 6,133,126
County Health	448,009
Property Reassessment	85,626
Jail Lease	<u>465,002</u>
Total	<u>\$ 7,131,763</u>

The County used money held in trust in the Property Tax Replacement Credit Fund, totaling \$5,125,758, and County Adjusted Gross Income Tax Distribution Fund, totaling \$2,347,892, to cover these overdrawn funds. The Treasurer had \$17,864,173 in advance payments of taxes.

BROWN COUNTY
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual County offices listed below:

County Auditor
County Treasurer

BROWN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 5, 2007, with Mari H. Miller, Auditor, Joe Wray, Treasurer, David Critser, President of County Council; and Stephanie R. Yager, President of the Board of County Commissioners. The officials concurred with our findings.